

SENATE BILL No. 187

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-4.1.

Synopsis: Elimination of inheritance tax. Exempts Class A transferees from the inheritance tax beginning January 1, 2006. Phases out the inheritance tax for Class B and Class C transferees by increasing exemption amounts in 2006 and 2007. Provides that the inheritance tax does not apply to Class B and Class C transferees after December 31, 2007. Provides that the estate tax does not apply to the estate of an individual who dies after December 31, 2004. Provides that the generation skipping transfer tax does not apply to a generation skipping transfer that occurs after December 31, 2004.

Effective: January 1, 2005 (retroactive); July 1, 2005.

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January 4, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 187

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-4.1-2-0.5 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2005]: **Sec. 0.5. This chapter does not apply to a property interest**
4 **transferred from the estate of an individual who dies after**
5 **December 31, 2007.**

6 SECTION 2. IC 6-4.1-3-0.5 IS ADDED TO THE INDIANA CODE
7 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
8 1, 2005]: **Sec. 0.5. This chapter does not apply to a property interest**
9 **transferred from the estate of an individual who dies after**
10 **December 31, 2007.**

11 SECTION 3. IC 6-4.1-3-10 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 10. (a) With respect**
13 **to a person who dies before January 1, 2006**, the first one hundred
14 thousand dollars (\$100,000) of **the decedent's** property interests
15 transferred to a Class A transferee under a taxable transfer or transfers
16 is exempt from the inheritance tax.

17 **(b) With respect to a person who dies after December 31, 2005,**



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the entire amount of the decedent's property interests transferred to a Class A transferee is exempt from the inheritance tax.

SECTION 4. IC 6-4.1-3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. (a) With respect to a person who dies before January 1, 2006, the first five hundred dollars (\$500) of the decedent's property interests transferred to a Class B transferee under a taxable transfer or transfers is exempt from the inheritance tax.

(b) With respect to a person who dies after December 31, 2005, the amount of the decedent's property interests transferred to a Class B transferee as set forth in the following table is exempt from the inheritance tax:

DATE OF DEATH	AMOUNT OF EXEMPTION FOR CLASS B TRANSFEE
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After December 31, 2005, and before January 1, 2007	The first \$100,000
After December 31, 2006, and before January 1, 2008	The first \$120,000

SECTION 5. IC 6-4.1-3-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (a) With respect to a person who dies before January 1, 2006, the first one hundred dollars (\$100) of the decedent's property interests transferred to a Class C transferee under a taxable transfer or transfers is exempt from the inheritance tax.

(b) With respect to a person who dies after December 31, 2005, the amount of the decedent's property interests transferred to a Class C transferee as set forth in the following table is exempt from the inheritance tax:

DATE OF DEATH	AMOUNT OF EXEMPTION FOR CLASS C TRANSFEE
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After December 31, 2005, and before January 1, 2007	The first \$20,000
After December 31, 2006, and before January 1, 2008	The first \$24,000

SECTION 6. IC 6-4.1-4-0.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 0.2. This chapter does not apply to a property interest transferred from the estate of an individual who dies after

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December 31, 2007.

SECTION 7. IC 6-4.1-5-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. This chapter does not apply to a property interest transferred from the estate of an individual who dies after December 31, 2007.**

SECTION 8. IC 6-4.1-5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) For purposes of this section, the net taxable value of property interests transferred by a decedent to a particular transferee equals the remainder of:

(1) the total fair market value of the property interests transferred by the decedent to the transferee under a taxable transfer or transfers; minus

(2) the total amount of exemptions and deductions provided under ~~sections 9-1 through 15 of IC 6-4.1-3~~ **IC 6-4.1-3-10 through IC 6-4.1-3-15** with respect to the property interests so transferred.

(b) **With respect to a person who dies before January 1, 2006**, the inheritance tax imposed on a decedent's transfer of property interests to a particular Class A transferee is prescribed in the following table:

NET TAXABLE VALUE OF
PROPERTY INTERESTS

TRANSFERRED	INHERITANCE TAX
\$25,000 or less	1% of net taxable value
over \$25,000 but not over \$50,000	\$250, plus 2% of net taxable value over \$25,000
over \$50,000 but not over \$200,000	\$750, plus 3% of net taxable value over \$50,000
over \$200,000 but not over \$300,000	\$5,250, plus 4% of net taxable value over \$200,000
over \$300,000 but not over \$500,000	\$9,250, plus 5% of net taxable value over \$300,000
over \$500,000 but not over \$700,000	\$19,250, plus 6% of net taxable value over \$500,000
over \$700,000 but not over \$1,000,000	\$31,250, plus 7% of net taxable value over \$700,000
over \$1,000,000 but not	

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over \$1,500,000 \$52,250, plus 8% of net
taxable value over \$1,000,000
over \$1,500,000 \$92,250, plus 10% of net
taxable value over \$1,500,000

(c) With respect to a person who dies after December 31, 2005, the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class A transferee is zero dollars (\$0).

(d) With respect to a person who dies before January 1, 2008, the inheritance tax imposed on a decedent's transfer of property interests to a particular Class B transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED		INHERITANCE TAX
\$100,000 or less	7% of net taxable value	
over \$100,000 but not over \$500,000.	\$7,000, plus 10% of net taxable value over \$100,000	
over \$500,000 but not over \$1,000,000	\$47,000, plus 12% of net taxable value over \$500,000	
over \$1,000,000	\$107,000, plus 15% of net taxable value over \$1,000,000	

(e) With respect to a person who dies after December 31, 2007, the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class B transferee is zero dollars (\$0).

(f) With respect to a person who dies before January 1, 2008, the inheritance tax imposed on a decedent's transfer of property interests to a particular Class C transferee is prescribed in the following table:

NET TAXABLE VALUE OF PROPERTY INTERESTS TRANSFERRED		INHERITANCE TAX
\$100,000 or less	10% of net taxable value	
over \$100,000 but not over \$1,000,000	\$10,000, plus 15% of net taxable value over \$100,000	
over \$1,000,000	\$145,000, plus 20% of net taxable value over	

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\$1,000,000

(g) With respect to a person who dies after December 31, 2007, the inheritance tax imposed on a transfer of the decedent's property interests to a particular Class C transferee is zero dollars (\$0).

SECTION 9. IC 6-4.1-6-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. This chapter does not apply to a property interest transferred from the estate of an individual who dies after December 31, 2007.**

SECTION 10. IC 6-4.1-7-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. This chapter does not apply to a property interest transferred from the estate of an individual who dies after December 31, 2007.**

SECTION 11. IC 6-4.1-8-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. This chapter does not apply to a property interest transferred from the estate of an individual who dies after December 31, 2007.**

SECTION 12. IC 6-4.1-9-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. This chapter does not apply to a property interest transferred from the estate of an individual who dies after December 31, 2007.**

SECTION 13. IC 6-4.1-10-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. This chapter does not apply to a property interest transferred from the estate of an individual who dies after December 31, 2007.**

SECTION 14. IC 6-4.1-11-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 0.5. This chapter does not apply to the estate of an individual who dies after December 31, 2004.**

SECTION 15. IC 6-4.1-11.5-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 0.5. This chapter does not apply to a generation skipping transfer occurring after December 31, 2004.**

SECTION 16. An emergency is declared for this act.

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